Message Text

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INFO OCT-01 EUR-12 ISO-00 EB-08 AID-05 CIAE-00 COME-00 FRB-03 INR-10 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 FTC-01 ITC-01 L-03 /073 W

-----116200 151851Z /43

R 150813Z MAR 78

FM AMEMBASSY ABU DHABI

TO SECSTATE WASHDC 7504

INFO AMEMBASSY DAMASCUS

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY SANA

AMEMBASSY TEL AVIV

AMEMBASSY TRIPOLI

AMEMBASSY ATHENS

USINT BAGHDAD

AMCONSUL ALEXANDRIA

AMCONSUL DHAHRAN

AMEMBASSY KUWAIT

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E.O. 11652: N/A TAGS: ETRD TC

SUBJECT: ARAB BOYCOTT DEALING WITH BOYCOTT OFFICE QUESTIONNAIRE//

ENFORCEMENT PRACTICES

REF: STATE 62525

1. GIVEN PROBABLE HARDLINE RESPONSE BY CBO TO DIRECT LIMITED OFFICIAL USE

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APPROACHES, WE THINK MORE FRUITFUL TACTIC IS TO ENCOURAGE INDIRECT APPROACHES TO LOCAL BOYCOTT OFFICES. REPRESENTATIONS BY SUPPLIER COMPANIES AND THEIR AGENTS, HOST GOVERNMENT AGENCIES, LOCAL PRIVATE PURCHASERS, OR COMMERCIAL GROUPS LIKE CHAMBERS OF COMMERCE MAY OFTEN BE GIVEN GREATER WEIGHT BY LOCAL BOYCOTT OFFICIALS THAN WOULD DIRECT

EMBASSY APPROACH. EMBASSY ROLE WOULD BE TO REMAIN ALERT TO INSTANCES WHERE BOYCOTT RULINGS APPEAR TO BE CONTRARY TO ESTABLISHED BOYCOTT PRINCIPLES AND PROCEDURES (AS IN EXAMPLE CITED PARA 5 REFTEL) AND FIND WAYS TO DRAW THESE TO ATTENTION OF LOCAL SUPPLIERS, PURCHASERS, ETC. WHO MAY HAVE DIRECT INTEREST IN KEEPING AMERICAN COMPANY CONCERNED OFF HOST COUNTRY BLACKLIST.

DIRECT EMBASSY CONTACTS WITH LOCAL BOYCOTT OFFICES NEED NOT BE EXCLUDED BUT ARE LIKELY TO BE MORE EFFECTIVE IF MADE IN SUPPORT OF ON-GOING EFFORTS BY INFLUENTIAL LOCAL BUSINESS ELEMENTS.

2. THIS EMBASSY HAS GENERALLY BEEN SUCCESSFUL IN EFFORTS TO INDUCE IMPORTANT LOCAL PURCHASERS, SUCH AS ABU DHABI NATIONAL OIL COMPANY, TO EFFECT CHANGES IN THEIR CONTRACT LANGUAGE TO BRING IT IN LINE WITH LOCAL BOYCOTT OFFICE REQUIREMENTS FOR POSITIVE CERTIFICATION AND WITH EAA RESTRICTIONS. PURCHASERS HAVE AGREED TO DO SO IN ORDER KEEP OPEN OPTIONS OF ORDERING FROM U.S. SUPPLIERS OF GOODS AND SERVICES. THIS IS OF COURSE SOMEWHAT DIFFERENT SITUATION FROM THAT OF BOYCOTT OFFICE QUESTIONNAIRE/ENFORCEMENT PROBLEM DESCRIBED REFTEL. NEVERTHELESS, WE THINK THERE IS MERIT IN PRINCIPLE OF TRYING TO ENCOURAGE LOCAL BUSINESS INTERESTS TO BE MORE AWARE LIMITED OFFICIAL USE

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OF WHAT BOYCOTT REGULATIONS ACTUALLY REQUIRE AND TO INSIST THAT THEY NOT PERMIT OVER-ZEALOUS OR BADLY-BRIEFED BOYCOTT OFFICERS TO BROADEN APPLICATION OF BOYCOTT SO AS TO CURTAIL THEIR ACCESS TO AMERICAN SUPPLIERS. ADMITTEDLY THIS APPROACH WILL NOT NENEFIT ALL AMERICAN FIRMS CHALLENGED BY BOYCOTT OFFICES. MOREOVER, IT MAY BE MORE FEASIBLE IN GULF STATES WHERE MERCHANT COMMUNITY HAS CONSIDERABLE PRESTIGE AND ACCESS TO RULERS THAN IN MORE IDEALOGICALLY-BASED REGIMES.

3. KEY TO SUCCESSFUL PURSUIT OF THIS APPROACH IS
NATURALLY THE AVAILABILITY OF ACCURATE AND DETAILED
INFORMATION ON WORKINGS OF THE ARAB BOYCOTT APPARATUS,
BOTH AT THE LEVEL OF THE CBO AND IN EACH ARAB COUNTRY.
DEPARTEMTNS OF STATE AND COMMERCE, IN COOPERATION
WITH AREA POSTS, WILL BEED TO KEEP ABREAST OF
BOYCOTT RULES AND PRACTICES IN ORDER TO ADVISE ALL
CONCERNED WHEN LOOPHOLES THAN CAN BE EXPLOITED TO
BENEFIT AMERICAN COMPANIES APPEAR OR VANISH.
DICKMAN

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